

**Humphreys County Nursing Home
Waverly, Tennessee**

**Cost Report and
Patient Accounts for the Period
July 1, 1998, Through June 30, 1999**

Arthur A. Hayes, Jr., CPA, JD, CFE
Director

Ronald M. Paolini, CPA
Assistant Director

Gregg S. Hawkins, CPA
Audit Manager

Steve Phillips, CPA
In-Charge Auditor

Amy Brack
Editor



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
State Capitol
Nashville, Tennessee 37243-0260
(615) 741-2501

John G. Morgan
Comptroller

June 6, 2000

The Honorable Don Sundquist, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
Mr. John Tighe, Director
Bureau of TennCare
729 Church Street, Fifth Floor
Nashville, Tennessee 37247

Ladies and Gentlemen:

Pursuant to Section 71-5-130, *Tennessee Code Annotated*, and a cooperative agreement between the Comptroller of the Treasury and the Department of Health, the Division of State Audit performs examinations of nursing facilities participating in the Tennessee Medical Assistance Program under Title XIX of the Social Security Act (Medicaid).

Submitted herewith is the report of the examination of the Medicaid cost report and patient accounts of Humphreys County Nursing Home, Waverly, Tennessee, for the period July 1, 1998, through June 30, 1999.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/pn
00/035

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

TennCare Report
Humphreys County Nursing Home
Waverly, Tennessee
For the Year Ended June 30, 1999

**THE EXAMINATION FOUND NO MATERIAL DEFICIENCIES OR DISCREPANCIES IN THE COST
REPORT OR THE PATIENT ACCOUNTS.**

"Audit Highlights" is a summary of the report. To obtain the complete report which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 741-3697

**Humphreys County Nursing Home
Waverly, Tennessee
Cost Report and Patient Accounts for the Period
July 1, 1998, Through June 30, 1999**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
Purpose and Authority of the Examination	1
Background	1
Prior Examination Findings	2
Scope of the Examination	2
INDEPENDENT ACCOUNTANTS' REPORT	3

**Humphreys County Nursing Home
Waverly, Tennessee
Cost Report and Patient Accounts for the Period
July 1, 1998, Through June 30, 1999**

INTRODUCTION

PURPOSE AND AUTHORITY OF THE EXAMINATION

The terms of contract between the Tennessee Department of Health and the Tennessee Comptroller's office authorize the Comptroller to perform examinations of nursing facilities that participate in the Tennessee Medicaid Nursing Facility Program.

Under their agreements with the state and as stated on cost reports submitted to the state, participating nursing facilities have asserted that they are in compliance with the applicable state and federal regulations covering services provided to Medicaid-eligible recipients. The purpose of our examination is to render an opinion on the nursing facilities' assertions that they are in compliance with such requirements.

BACKGROUND

To receive services under the Medicaid Nursing Facility Program, a recipient must meet Medicaid eligibility requirements under one of the coverage groups included in the *State Plan for Medical Assistance*. The need for nursing care is not in itself sufficient to establish eligibility. Additionally, a physician must certify that recipients need nursing facility care before they can be admitted to a facility. Once a recipient is admitted, a physician must certify periodically that continued nursing care is required. The number of days of coverage available to recipients in a nursing facility is not limited.

The Medicaid Nursing Facility Program provides for nursing services on two levels of care. Level I Nursing Facility (NF-1) services are provided to recipients who do not require an intensive degree of care. Level II Nursing Facility (NF-2) services, which must be under the direct supervision of licensed nursing personnel and under the general direction of a physician, represent a higher degree of care.

Humphreys County Nursing Home, Waverly, Tennessee, provides only NF-1 services. The facility is owned and operated by Humphreys County, Tennessee, as a nonprofit corporation. The members of the board of directors are as follows:

Dr. A. W. Walker, Chairman
Betty Himes, Secretary
Mike Draper
Bill Webb

Zeke Duncan, Vice-Chairman
Wilbur Deck, Sr.
Byram Phy

During the examination period, the facility maintained a total of 66 licensed nursing facility beds. The Division of Quality Assurance of the Department of Health licensed the facility for these beds. Eligible recipients receive services through an agreement with the Department of Health. Of the 24,090 available bed days, 22,017 were for Medicaid NF-1 patients for the year ended June 30, 1999. Also, the facility reported total operating expenses of \$2,065,582 for the period.

The Division of Quality Assurance inspected the quality of the facility's physical plant, professional staff, and patient services. The nursing facility met the required standards.

The following Medicaid reimbursable rates were in effect for the period covered by this examination:

<u>Period</u>	<u>Level I NF (744-0099)</u>
July 1, 1998, through June 30, 1999	\$ 87.86

PRIOR EXAMINATION FINDINGS

The prior report of Humphreys County Nursing Home for the period July 1, 1987, through June 30, 1988, contained the following finding:

Nonallowable expenses included on the cost report.

This finding has been satisfactorily remedied.

SCOPE OF THE EXAMINATION

Our examination covers certain financial-related requirements of the Medicaid Nursing Facility Program. The requirements covered are referred to under management's assertions specified later in the Independent Accountants' report. Our examination does not cover quality of care, clinical, or medical provisions.



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT**

**SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0264
PHONE (615) 741-3697
FAX (615) 532-2765**

Independent Accountants' Report

December 17, 1999

The Honorable Don Sundquist, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
Mr. John Tighe, Director
Bureau of TennCare
729 Church Street, Fifth Floor
Nashville, Tennessee 37247

Ladies and Gentlemen:

We have examined management's assertions, included in its representation letter dated December 17, 1999, that Humphreys County Nursing Home complied with the following requirements during the cost report period July 1, 1998, through June 30, 1999, and to the facility's patient accounts for the period July 1, 1998, through June 30, 1999.

- Income and expenses reported on the Medicaid Cost Report are reasonable, allowable, and in accordance with state and federal rules, regulations, and reimbursement principles.
- Patient days reported on the Medicaid Cost Report have been counted in accordance with state regulations. Medicaid patient days billed to the state for periods when residents were hospitalized or on therapeutic leave are in accordance with the 15-day hospital stay rule, the 85 percent occupancy rule, and the 60-day therapeutic leave day rule.

- Charges to patients and charges to patients' personal funds are in accordance with state and federal regulations.

As discussed in management's representation letter, management is responsible for ensuring compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the facility's compliance based on our examination.

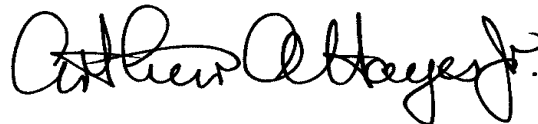
Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Humphreys County Nursing Home's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Humphreys County Nursing Home's compliance with specified requirements.

Our examination disclosed no material exceptions to state and federal regulations.

In our opinion, management's assertions that Humphreys County Nursing Home complied with the aforementioned requirements for the cost reporting period July 1, 1998, to June 30, 1999, and for patient accounts for the period July 1, 1998, to June 30, 1999, are fairly stated in all material respects.

This report is intended solely for the use of the Tennessee General Assembly and the Tennessee Department of Health. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, appearing to read "Arthur A. Hayes, Jr.", with a stylized flourish at the end.

Arthur A. Hayes, Jr., CPA, Director
Division of State Audit

AAH/pn